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SUBJECT: Aftermath of Thai Labor Riots: Political
Maneuvering

Ref: Taipei 03525

1. Summary. In the aftermath of the labor riots involving Thai workers on Kaohsiung City's Mass Rapid Transit (KMRT) system (reftel), the response to the riots has been mostly political, with the DPP generally seeking to get the issue behind them. The KMT on the other hand is gradually ratcheting up its criticism of the DPP government's management of the situation. Local Kaohsiung politicians are busy repositioning themselves and polishing their images to prepare for the run at the 2006 mayoral slot in Kaohsiung City. End Summary.

The Political Response from Taipei

2. (U) In public statements concerning the riots, Premier Hsieh (who was Mayor of Kaohsiung at the time the KMRT project commenced) has tried to deflect blame from City and County officials, pointing out that the project is a build-operate-transfer (BOT) project and thus Kaohsiung City Government's role is limited to providing specifications for the construction and deadlines for the completion. According to Hsieh, all management activities are the responsibility of the successful bidder-- KRTC and its sub-contractors. Premier Hsieh has emphasized the potential criminal liability of the Thai laborers, but has been less vocal about investigating any of the alleged corrupt labor practices or government oversight.

3. (U) Vice-President Lu, Hsiu Lien on the other hand, has been both vocal and active in her support of the laborers, whom she sees as the aggrieved parties in the case. She has formed a blue ribbon panel to investigate the incident and has assembled a team of sixteen lawyers to provide pro-bono legal support to the laborers in the event that they face charges. Lu personally visited the site of the riots and spoke to both Thai officials and Thai laborers.

4. (U) Despite the fact that Premier Hsieh was the Mayor of Kaohsiung at the time the contracts were awarded, the opposition KMT and PFP have directed most of their criticism toward Acting Kaohsiung Mayor, Chen Chi-mai, his father, Chen Che Nan, a Presidential Advisor, and Chen Chu, the head of the Central Government Council of Labor Affairs (CLA). The criticism of Chen Chi-mai is largely tangential and is based on allegations that his father was involved in corrupt labor practices in the initial contract with Hua Pan. Chen Chu has been criticized for failing to insure proper oversight of the hiring and working conditions for foreign labor.

5. (U) Both Chen Chi-mai and Chen Chu are expected to compete for the DPP's nomination to run for Mayor of Kaohsiung in the 2006 mayoral election. In the aftermath of the KMRT Thai Labor incident, Chen Chu has just stepped down as the head of the CLA, nominally to take responsibility for the current mess. However, press reports speculate that she may simply want to distance herself from the case as quickly as possible in order to maintain political viability in the upcoming Kaohsiung mayoral election.

6. Yeh Chu-lan, a prominent DPP leader and former vice premier, has been appointed to succeed Chen Chi-mai as Acting Mayor of Kaohsiung.

The Political Response from Kaohsiung

7. (U) Kaohsiung Acting Mayor Chen Chi-mai submitted his earliest written resignation to Premier Hsieh on Aug. 30, 2005. His stated purpose was to take political responsibility for the conditions that led to the Thai labor riot in Kaohsiung. Chen's last day in office was characterized by an AIT/K contact in the Kaohsiung City Government as one in which the mayor's assistants were busy packing as "they are now out of a job". However, Chen's

staff spun the story as a positive one, saying that because Chen still is young (40 years old), his resignation emphasizes his social reliability and his image and he still intends a future political career.

18. (SBU) The DPP Kaohsiung City Chairman Chao Wen-nan told AIT/K that Chen Chi-mai's resignation was actually an action mirroring Chen Chu's resignation. Chen Chu, Chairperson of Taiwan's CLA, resigned to take responsibility for the riot. By resigning now, Acting Mayor Chen intends to show people that he as responsible a local administrator as Chen Chu is an island-wide administrator.

19. (U) Press reports today continue to watch the dominos fall as Chen Chi-mai's appointees, such as Vice Mayor Zhen Wenlong and Kaohsiung Information Office Director Wang Shi-si, also resigned from their positions. The City Council is postponing meetings until a new "acting" administration is in place.

DPP Damage Control

10. (SBU) Comment. There is little political benefit to the DPP in carrying out a thorough investigation of the allegedly corrupt labor practices, since the entire KMRT project has been carried out by DPP administrations, both at the local and national level. The premier, in his public remarks, has consistently focused on the laborers and the private companies, KRTC and Hua Pan Management. Despite the fact that many public allegations have been made about the involvement of DPP heavyweights in corrupt practices leading to the awarding of the contracts to KRTC and Hua Pan, the Premier has placed little emphasis on this aspect of the investigation. There is evident concern that the investigation could adversely impact the DPP's prospects in next year's Kaohsiung's mayoral election. Getting contacts within the City and County governments to comment on the case has been difficult. Contacts who normally are quite forthcoming either refused initial requests for meetings, or cancelled meetings that they had already agreed to hold. The issue is very sensitive and it appears likely that the City Administration continues to be very concerned about potential fallout. While it will take a few days to sort out the implications of the appointment of DPP heavyweight Yeh Chu-lan as Acting Mayor, the move suggests the DPP is trying to demonstrate the importance it places on the position of Kaohsiung mayor and on maintaining its fundamental support base in Kaohsiung.

11. (U) "All politics are local" is the adage in play in this series of resignations as politicians begin reposition themselves for future campaigns. Chen Chi-mai's resignation now puts him on equal footing Chen Chu, another potential 2006 mayoral candidate. These two resignations appear to be not the end of two careers in government, but the beginning of the struggle between the two Chens for the slot of DPP candidate for the upcoming mayoral election.

12. (U) It is likely that the opposition focus on Chen Chi-mai and Chen Chu also relates to next year's Kaohsiung Mayoral election. Unlike most other constituencies in the South, Kaohsiung City is fairly evenly split between the Blue and Green factions. The last election, won by Hsieh, Chang Ting, was a very close contest. If both leading DPP contenders are made vulnerable by the riots and ensuing investigations, the KMT will stand a fair chance of retaking Kaohsiung City and breaking the DPP's stranglehold on the South.

13. (U) AIT will continue to follow and report on the case as it develops. End Comment.

Thiele

Keegan